

Neighborhood Planning for Community Revitalization

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CURA RESOURCE COLLECTION

**Center for Urban and Regional Affairs
University of Minnesota
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Funding for Neighborhood Organizations A Study of Trends Over 1993-1996

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EXECUTIVE SUMMARY

Neighborhood organizations play a central role in urban America. In St. Paul and Minneapolis they are official participants in planning and policy decision making processes. Neighborhood organizations as the only geographically defined organizations strengthen civic life, bringing together diverse people to work on shared goals.

While city funds are the base support for this work, in Minneapolis, all but two groups received less than \$20,000 support, and the vast majority received under \$10,000. St. Paul organizations, which are fewer, fared better, though most only have funding for one full-time position and basic support work. Neighborhood organizations need to build a stronger base of support with their mayors and city councils to capture more funding for their efforts.

Private funders, including foundations and corporate giving programs, have increased their overall support of neighborhood groups from 1993-1996. However, 88 percent of private funding for neighborhoods came from four sources: the McKnight Foundation, the Minneapolis Foundation, the St. Paul Companies, and the St. Paul Foundation. Most other private funders are moving increasingly toward program specific support, which excludes the civic work of neighborhood organizations.

In general there is a lack of understanding about neighborhood organizations and their work. Efforts to improve the performance measures and accountability of neighborhood work are underway and critical to the future. However, participation of private funders in this dialogue is essential.

INTRODUCTION

In recent years, the role of neighborhood organizations in the Twin Cities has received significant attention. Neighborhood organizations are a foundation for strong civic engagement in urban life. They undertake many activities such as organizing and training citizens to address local issues such as crime, land use issues, transportation, and housing. Other activities include providing youth and art programs often through collaborations with institutions.

Minneapolis and St. Paul are home to over 80 such groups which are recognized by city agencies as official participants in city policy making. Note: in St. Paul these groups are referred to as "district councils," except in a few cases. Historically funded by their city, neighborhood groups now also compete for funding from private funders, including foundations and corporate giving programs. As organizations that are dependent on external sources of funding, neighborhood organizations through the Minneapolis Center for Neighborhoods, commissioned this study to analyze trends in funding between 1993-1996.¹ The study focuses on 15 foundations and corporate giving programs; while not an exhaustive study, this group of 15 was selected because they represent the spectrum of such organizations.

The following provides an explanation of neighborhood organization activities, an analysis of the data gathered, a summary of interviews of staff at the foundations and corporate giving programs, and recommendations for groups to pursue.

NEIGHBORHOOD ORGANIZATIONS: ROLES AND RESPONSIBILITIES

For the purpose of this study, neighborhood organizations are defined as the official citizen participation groups recognized by each city.² Sixty-five neighborhood groups are recognized in Minneapolis, and in St. Paul there are 19 district councils/neighborhood organizations. While many agencies and organizations engage and serve citizens at the neighborhood level, they are generally focused on providing services to residents. As such, this report does not negate the importance of these other community based organizations, but seeks to clarify the difference in mission and actions.³

¹ Data for 1997 will not be available until fall 1998.

² The one exception is inclusion of the Thomas-Dale Block Clubs. Also note that the Whittier Alliance served as both a CDC and neighborhood organization. Due to this dual purpose, virtually all data on Whittier is omitted.

³ The following summary of roles and responsibilities resulted from a focus group discussion. Participants included staff representatives of six neighborhood organizations. They based many of their comments on the mission statements of their own organization as written by neighborhood residents.

Roles and Responsibilities

A vibrant city needs engaged citizens who seek to solve their own problems and directly improve their neighborhood and community. Neighborhood organizations build the capacity of citizens to impact their environment, which results in long term investment and commitment to the city. The three key roles of neighborhood organizations differentiate them from other agencies and institutions. It is important to note that these roles are relevant to all neighborhoods, but especially those that are challenged by economic disintegration.

1. Develop Social Capital

Social capital exists when citizens act with enlightened self-interest, moving beyond purely selfish goals and pursuing those shared with others. As a geographic based organization, as opposed to value or issue or service based agency, neighborhood organizations are fundamentally responsible for empowering citizens to find what they have in common with their neighbors. With an identified common interest and as people work together ethnic, religious, age, and economic barriers fall. Furthermore, the leadership of neighborhood organizations on boards and committees is required to be residents who are the constituents of staff. This inherently provides a training ground for emerging leaders.

Critical actions of neighborhood groups to develop social capital include:

- Serving as a bridging agent/networker;
- Conducting outreach – note that social service agencies are rarely geared to doing outreach, and can benefit from working with neighborhoods that provide additional networks into the community;
- Facilitating discussions to identify common interest and solutions to problems;
- Training emerging leaders and providing opportunities to learning/experience;
- Connecting formal resources to informal networks;
- Rapidly responding to emerging issues to capture motivation and momentum of citizens;
- Addressing a wide range of topics rather than specific programs;
- Producing an environment of informal networks where effective outreach for non-neighborhood agencies is more successful;
- Identifying people with needs/assets and providing linkages to services.

2. Fine Grain Information Clearinghouse

Significant resources exist in every community but the key problem in today's world of overabundant information, is accessing the appropriate, understandable information. Neighborhood organizations gather information from the neighborhood and from the larger community and make it "user-friendly" and accessible. This function is two way and is a vital service to non-neighborhood agencies including local government. Neighborhood groups are the "front line" of gathering information and feed this to the other agencies. Neighborhood organizers and block club leaders who knock on doors are able to get honest and thorough

information because they are recognized and trusted. As a result neighborhood organizations can engage in early detection and early prevention of problems.

Specific tools to disseminate information include:

- Community newsletters, fliers
- Door-knocking
- Meetings on community issues, other events
- Translating city/legal language to what people understand
- Explaining how to do things, who to contact in fact sheets or with individuals who request assistance
- Directories on local resources or resource libraries

3. Improve Quality of Life

While a "high quality of life" can mean many things, it requires a comprehensive package of many factors coexisting. The geographic focus on neighborhood groups allows them to be best positioned to identify and address factors that threaten the quality of life. They are not necessarily the provider, but instead the recruiter of programs that provide needed services. Neighborhood organizations improve the quality of life because they:

- Build networks within the community that were weakened as jobs moved further from home and as women increased their presence in the workforce;
- Strengthen identity through coordinating events such as community festivals, neighborhood clean-ups, National Night Out, and celebrations
- Address factors that erode social capital (i.e. fear of crime, transiency, income pressures)
- Increase financial investment by individuals as their confidence grows that they will receive a return for the investment.
- Create a forum to engage in nonpartisan civic life
- Recruit businesses, investors, and home owners
- Assist/enhance the capacity of local social service agencies and churches to meet the needs of residents.

What does this cost?

The core programming of neighborhoods are impacted by many factors such as population, demographics, level of poverty, crime, etc. Government agencies utilize this information when determining funding allocations to neighborhood organizations, establishing a formula or equation depicting community need. To provide the basic functions of communication and citizen participation, neighborhood organizations that are able to generate sufficient financial resources often hire staff to perform administrative and/or community organizing duties.

Attracting and hiring qualified staff is important for maintaining good financial systems and effective projects and programming. Turnover among staff is high in neighborhood organizations where salaries are low which impacts the success of the organization. Organizations without

staff, or with high turnover of staff often suffer from an absence of institutional memory over time, and a pervasive state of operational transition or flux.

What is the appropriate scale needed to sustain core programming?

There are three key areas of staffing and an optimal staffing of 2 - 4 people in economically challenged neighborhoods.

1. Director (oversee operations): fundraising, board development, systems manager, relationships with government agencies
2. Organizers (oversee issues): note that there are different skills needed for organizers working on
 - a) family, youth, crime, as opposed to b) housing, economic development
3. Accounting services – to ensure solid financial management – may be provided on an ongoing consulting basis.

FUNDING TRENDS TO DATE

Analyzing funding trends is a multifaceted task. The scope of this study was limited to address three key issues for neighborhood organizations:

exploration of the division between funding for general operations, programs, and pass-throughs directed to other implementing organizations;

1. identifying overall (macro) trends in funding over the most recent four year period;
2. gathering information about emerging trends through interviews of funders' staff;

General Operating Support vs. Program Support vs. Pass-Through

With a primary responsibility to organize and train citizens to act on whatever issues are important to them, neighborhood organizations are traditionally not program oriented. *General operations* expenses are instead the bulk the budget paying for meeting/office space, supplies, and the limited staff support who coordinate meetings, distribute information, and meet with people to link resources. City funds are applicable toward general operating expenses. However, public funds are insufficient to meet even the basic general operating (or organizing) needs.

Because the issues of importance for residents change over time and the use of other agencies that provide services to neighborhood residents, few neighborhood groups will ever be perceived as experts in a program area. This is a critical issue for neighborhoods that wish to expand their capacity beyond publicly supported levels. Analysis of a sampling of neighborhood group budgets found that the majority of private funders target money toward programs, though a few exceptions exist (McKnight Foundation, Minneapolis Foundation, St. Paul Companies, and Northwest Areas Foundation). Additionally, the types of programs that qualify for funds are limited – recent focus or issue areas supported by private funders include economic development, youth, employment programs, and the arts.

These priorities change over time as foundation board members change or redefine goals. Some funders annually change their primary focus and only agencies that perform relevant work to the

new goal are awarded grants. This cycling of priorities, combined with a program focus, makes it very difficult for neighborhood organizations to receive ongoing support, particularly for general operations.

Pass-through: In recent years, collaborations have increased as a tool for neighborhood organizations to achieve their program goals. Neighborhood groups often raise funds and/or serve as the fiscal agent for other organizations who carry out the work; yet in some cases no administrative fee is assessed to the grant. For example, most of the money raised from private sources in 1995 for the Powderhorn Park Neighborhood Association was a direct pass-through for Lake Street Partners. Neighborhood groups also benefits from some pass throughs, though infrequently.

City Funding Trends

City governments are the primary and historical source of funds for neighborhood groups. Funding levels are set by the mayor as part of the overall budget. City funding for citizen participation comes from the City of Minneapolis Community Development Agency (MCDA) and City of St. Paul Planning and Economic Development Office (PED). Minneapolis primarily uses Community Development Block Grant (CDBG) as a source of funds while the City of St. Paul provides funding for district councils from the general fund. This difference is representative of the role and reporting responsibilities of the organizations: Minneapolis groups report to the MCDA; St. Paul district councils report to the City Council. Organizations generally apply the public funds toward general operation expenses including staff, office, and basic organizing.

Minneapolis also has the nationally acclaimed Neighborhood Revitalization Program (NRP) which channels \$20 million dollars per year for twenty years to neighborhood based planning and action plan implementation. This includes funds from the Minneapolis Community Development Agency's Common Project. NRP's goal is to engage citizens in planning their local revitalization, though the work is carried out by others.

Despite the appearance of this program seemingly boosting neighborhood groups' budgets into the millions, in actuality much of the money is merely a pass-through to implementing agencies selected by the neighborhood. An analysis of the audits of twelve neighborhood organizations found that 8.8 percent of NRP funds went to administration/general operations.⁴

⁴ Analysis conducted by NRP in support of this study.

The following chart presents funding levels over the last four years.

Table 1: City Funding of Neighborhood Organizations

PUBLIC SUPPORT		1993	1994	1995	1996
Minneapolis (CDBG)	Citizen Participation	394,499	508,000	500,000	500,000
	NRP	1,034,751	6,628,928	12,039,841	18,493,360
St. Paul (General Fund)	Citizen Participation	642,337	658,718	867,000	939,000

In Minneapolis, citizen participation funding is divided between target (more challenged) neighborhoods and non-target. The average amount of support for target neighborhoods was under \$17,000; only two organizations received more than \$20,000, with a maximum of \$29,889. Few neighborhood groups in disadvantaged or transition neighborhoods are able to operate solely on this source. The average funding support for non-target neighborhoods was approximately \$2,500.⁵

In contrast, St. Paul with fewer organizations supports groups with between \$30,000 and \$50,000. At this level most organizations can hire one full-time organizer.⁶

County Funding Trends

Based on a survey of neighborhood groups and an inability to identify any county agency that knew of funding neighborhood groups, one can conclude that the county provides little or no funding for neighborhood groups. Most county funding has a social service focus.

State Funding Trends

The State of Minnesota through its many agencies has invested large amounts of funds on certain years into neighborhood groups. All the State funds identified however focus on crime prevention, often with focus on youth. Funding supports specific programs and related organizing/citizen participation activities.

⁵ *New Developments* press release of MCDA, June 9, 1997.

⁶ Data provided by St. Paul PED.

Table 2: State Funding of Neighborhood Organizations⁷

Organization	1993	1994	1995	1996	1997
Harrison			100,000		57,740
People of Phillips					124,581
Lyndale	49,400		102,300	53,000	100,000
District 5 - Payne-Phalen				100,000	
Thomas Dale Block Clubs				100,000	
Powderhorn Park			2,300		
Central			70,838		
District 2 - Greater East Side Comm. Council			100,000		
TOTAL	49,400		375,438	253,000	282,321

Funding Source by Year:

1993 – Collaboration of Jobs & Training, Public Safety, Education, Human Services, and MN Planning

1995 – Collaboration of Children's Cabinet, Chemical Abuse and Violence Prevention Council, and 11 state agencies: the departments of Administration, Corrections, Finance, Public Safety, Economic Security, Education, Transportation, Human Services, the Housing Finance Agency, and Minnesota Planning.

1996 – Collaboration of Children's Cabinet, Chemical Abuse and Violence Prevention Council, Public Safety, and Children, Families, and Learning (CFL)

1997 – CFL only

Private Funding Trends

The private funders studied include: McKnight Foundation, St. Paul Foundation, Minneapolis Foundation, Daytons/Target, United Way, Northwest Areas Foundation, General Mills, Cargill, Honeywell, TCF, First Bank/U.S. Bank, Norwest, Minnegasco, St. Paul Companies, and NSP. These foundations were chosen by the project's Advisory Board which was composed of representatives of seven neighborhood organizations from Minneapolis and St. Paul. The Advisory Board identified the primary foundations that had supported their neighborhoods either recently or in past years and selected a representative fifteen on which to focus.⁸ Other private funders not studied include: Carolyn Foundation, Bigelow Foundation, Gannett Foundation, Beim Foundation, Allina Foundation, Otto Bremer Foundation, and the Headwaters Fund.

The primary source of data to track private contributions are IRS 990 forms submitted to both the U.S. Internal Revenue Service and Minnesota Attorney General. The 990 form includes an

⁷ Data from Laura McLain of MN Senate Counsel and Research. Memo dated January 12, 1998 and June, 1998.

⁸ A 1993 study "The Neighborhood Balance Sheet" by Frederick Smith and Gina Graham of the Center for Urban and Regional Affairs (CURA) at the University of Minnesota also identified these foundations as the primary sources of foundation support for neighborhood organizations.

annual record of every contribution.⁹ The reports include funds disbursed and funds guaranteed. This study only used funds disbursed to get the most accurate measure of annual expenditures, though one flaw is counting funds disbursed in late December which were actually for the following year. Through consistently applying the same method of counting funds, this error should be insignificant.

It is important to note that the foundations provide funding to many organizations that work in neighborhoods or provide local services. Community Development Corporations (CDCs) often receive large amounts of funding (i.e. \$75,000+) for housing programs or business loan pools. While funding is targeted to neighborhood level programs, the role of these agencies differs from neighborhood organizations, and thus not included in this study.

Many of the private funders expressed concern that the definition of "neighborhood organization" was too narrow. Clearly funds do reach local residents in other ways and some organizations even provide pass-throughs to neighborhood groups. However, many neighborhood organizations also provided pass-throughs and to be constant and fair, the official city definitions were applied.

Over the four years, neighborhood organizations received the following total amount of funding from the private funders studied:¹⁰

1993	\$731,550
1994	\$749,394
1995	\$944,830
1996	\$943,070

Of this, in 1996, 88 percent came from four sources: McKnight Foundation, Minneapolis Foundation, The St. Paul Companies, and St. Paul Foundation. Prior to 1996, the Northwest Areas Foundation provided significant funding to one neighborhood in Minneapolis, but currently it is not funding any groups. Honeywell is the fifth largest foundation funder of neighborhood groups providing often more than \$60,000 per annum.

⁹ The researcher read through these forms, identified funds for neighborhood organizations, and compiled the data into a spreadsheet. Due to the volume of data, human error is possible. Foundations were asked to provide a cursory review of the information gathered to ensure relative accuracy. No mistakes were identified.

¹⁰ Data is inaccurate due to NSP not publishing amounts of awards, though NSP did not appear as a major contributor to any organizations surveyed.

Many question the differences in funding for neighborhood groups between the two cities. The initial hypothesis was that Minneapolis organizations received the vast majority of support, though data demonstrates otherwise. The following provides totals and percentages for foundation contributions.

Table 3: Comparison of Private Support for Minneapolis vs. St. Paul Organizations

	1993	1994	1995	1996
Total Foundation Support For Neighborhoods	731,550	749,394	944,830	943,070
Mpls Nbhd. Total	367,696	369,344	607,966	553,500
<i>Mpls %</i>	50%	49%	64%	59%
St. Paul Nbhd. Total	363,854	380,050	336,864	389,570
<i>St. Paul %</i>	50%	51%	36%	41%

According to the data available, the following (Table 4) is a ranking of all organizations that received funding based on their average over four years. One caveat is that neighborhood groups in many cases received this money as fiscal agent or as a direct pass through for other projects. For example, most of the funding received by Powderhorn Park Neighborhood Association in 1995 was a pass through for Lake Street Partners.

The chart highlights two key points. First is that **funding levels are inconsistent for most groups**; some years are plentiful while others are lean. Second, **the median average amount of annual private funding is \$10,000**; in other words, 18 of the 36 groups averaged \$10,000 or less. The top three groups received 38 percent of all funding. The top 9 organizations received 71 percent of all funding. While the funding is concentrated among a few groups, this distribution is not surprising considering that these groups are among the most challenged neighborhoods.

Table 4: Ranking of Organizations by Private Funding Levels

Organization	1993	1994	1995	1996	Average
People of Phillips	112,351	96,112	141,700	139,000	122,291
Lyndale Neighborhood Assoc.	150,000	70,120	137,400	81,250	109,693
District 11 - Hamline Midway Coalition	45,000	26,000	145,500	151,792	92,073
District 7 - Thomas Dale Planning	40,000	61,500	60,000	35,000	49,125
Elliot Park Neighborhood, Inc.	28,800	37,500	24,100	101,100	47,875
District 7 - Thomas Dale Block Club	50,500	50,000	4,624	81,000	46,531
Central Neighborhood Improvement Assoc.	-	43,500	111,416	25,000	44,979
District 6 - Upper Swede Hollow	23,500	48,500	64,000	35,000	42,750
Powderhorn Park Neighborhood Assoc.	12,135	-	88,000	70,000	42,534
District 4 - Dayton's Bluff	84,575	62,400	-	-	36,744
District 13 - Lexington-Hamline	33,600	41,000	22,500	36,553	33,413
Stevens Square Community Organization	-	8,000	25,000	85,600	29,650
Seward Neighborhood Group	4,410	51,700	52,100	-	27,053
District 3 - West Side Citizens Organization	23,600	20,250	1,000	10,000	13,713
Sumner-Olson Resident Council, Inc.	50,500	-	-	-	12,625
Harrison Neighborhood Assoc.	7,500	39,000	-	-	11,625
District 2 - Greater East Side Comm. Council	50	20,000	25,000	-	11,263
District 8 - Summit University	17,000	-	-	25,500	10,625
District 9 - West 7th/Fort Road Fed.	35,000	-	2,500	-	9,375
Whittier Alliance	-	5,000	7,750	22,950	8,925
District 13 - Snelling Hamline Comm.	10,000	10,000	10,000	-	7,500
District 5 - Payne-Phalen	279	20,100	100	4,475	6,239
District 15 - Highland Area	-	20,250	1,540	250	5,510
Concerned Citizens of Marshall Terrace	-	-	-	20,000	5,000
Jordan Area Comm. Council	-	10,000	10,000	-	5,000
District 13 - Merriam Park	-	-	-	10,000	2,500
Bryant Neighborhood Organization	-	-	-	8,500	2,125
Camden Area Community Concerns Council	-	500	7,500	-	2,000
Hawthorne Area Comm. Council	-	7,000	-	-	1,750
Bancroft Neighborhood	-	-	2,500	-	625
Marcy - Holmes Neighborhood Assoc.	2,000	-	-	-	500
District 1 - Battle Creek, Conway...	750	50	100	-	225
Longfellow Community Council	-	800	-	-	200
Citizens for a Loring Park Comm.	-	-	500	-	125
Hale Page Diamond Lake Comm. Assoc	-	-	-	100	25
			Average of Averages		\$23,395
			Median of Averages		\$10,000

EMERGING PUBLIC FUNDING TRENDS

As the primary support for neighborhood organizations, city agencies have maintained relatively constant expenditures. The exception to this rule is NRP which as stated before, does not provide much support for the ongoing work of engaging citizens in their neighborhoods after the initial planning phase. Thus the public perception that Minneapolis neighborhood groups are extremely well funded is inaccurate.

Both cities state a commitment to providing some level of ongoing support to neighborhood groups; in both cities neighborhood organizations play a formal role in policy discussions which require their support. However, as St. Paul groups found when Mayor Norman Coleman took office, funds are not guaranteed. A cut to all city programs after his inauguration reduced district council budgets as well. On the national level CDBG funds continue to be cut by Congress and this leaves the cities with fewer dollars to disburse. Without a coordinated voice, neighborhood groups may see their city funding levels decline as federal funds and city budgets decline.

Based on the past, one can assume that counties will not become a funder of neighborhood groups. State agency support is inconsistent and no information was available to determine future trends. Key to note is that most state support is either rooted or tied to support for the Department of Children, Families, and Learning.

EMERGING PRIVATE FUNDING TRENDS

Interviews with staff of private funding programs and analysis of data identified and confirmed a number of trends for the future. Key among these are that private funders are:

- Focusing funds on fewer organizations, at higher levels of funding, based on stricter guidelines that limit the variety of organizations supported.
- Increasing funding for programs and decreasing general operations support.

Concentrating Funds

Private funders are concerned that they spread their money too thinly and ultimately make little difference. This concern is accentuated by corporations or foundations that serve a large, multi-state region with bases in hundreds of cities and towns. The trend is toward giving out fewer, but larger, awards with the belief that a more substantial gift can galvanize more resources.

The most clear case of this focusing trend is the Northwest Areas Foundation which stopped dispersing new funds this year, and is in the process of selecting 10 communities which will receive long-term support. Many funders are also narrowing the scope of issues or organizations which they will support.

Program Focus

Across the nation there is a discussion about increasing the accountability of all sectors. Many private funding boards are caught in this tide and have thus moved increasingly toward supporting

programs. Measurements are simple for the number of people served meals, or entering a gallery, or calling a crisis line. Measuring the amount of leadership developed, or capacity of people to solve their own problems is challenging. Bucking the trend, three of the funders interviewed argued favorably for general operating support as critical to neighborhood work.

During interviews, it was also noted that agencies who support neighborhood organizations often had staff members who either worked or volunteered with neighborhood groups. This in turn translates into approving general operating funds. In certain cases, one could notice a significant change in funding levels when a staff person with neighborhood experience started or left. However, board changes also played a major role, and the study was unable to ascertain the neighborhood involvement of boards members of private funders.

Specific to corporate giving programs there is also a specific interest in giving to initiatives that support the corporation's objectives. For example, the banks target much of their money toward economic development programs. These programs provide tangible results relevant to the corporation.

Neighborhood groups are aware of the challenge to demonstrate success and recognize that their current inability impedes their own capacity to learn and improve from experience. The "Success Measures" project is one effort of neighborhood groups to identify ways to measure success. This three year project with a targeted completion in 2000 is a national effort in eight regions. The outcome will be a practitioners perspective of the impacts and values of community development, and how to build greater accountability with accurate performance measures. Funders expressed interest in the results of this project.

Certain neighborhood groups vocalized a dislike of the program focus because it forces groups that need funding for local initiatives to adapt to funders' goals. Staff are sustained by receiving grants but at the cost of not being able to focus on the primary objective of the residents. Certain types of activities may prove especially problematic; ownership of property requires immediate attention if a boiler blows or tenant moves out. The financial importance of such activities may supercede organizing.

Other Issues Raised by Private Funders

During interviews a number of issues were raised that deserve mentioning.

- Do neighborhood groups really represent their residents? There is a sentiment that many neighborhood groups are made up primarily of single family home owners and do not include the poor or renters. The accuracy of this perception varies by neighborhoods; numerous groups in recent years have begun special organizing efforts with renters in order to address this problem. Similarly, some funders stated that holding monthly meetings and sending out newsletters did not constitute the real work of neighborhood organizations; there is an expectation that organizers should be out door-knocking and talking to people.

The question raised in more general terms of whether the organization represents their constituents appears to be a criteria applied only to neighborhood groups. Rarely are

organizations for homeless people, youth, or CDCs evaluated based on their board and staff representing those served. Instead most non-profits often seek board members who add prestige or access to resources. In contrast, neighborhood organizations are required to only have participants/board members who are constituents.

- Difficult to differentiate between groups. Numerous funders commented that they were unable to differentiate between neighborhood groups and their effectiveness in implementing programs. The sheer number of groups overwhelmed some staff; repeatedly there was a suggestion that neighborhood organizations form a federation that could monitor groups, provide technical support, and be the sole voice to funders. This should not necessarily be an intermediary because of the foundation concern about spreading dollars too thin. Rather, it could provide certain technical supports to all groups.

The inability to differentiate demonstrates a lack of understanding about groups; a key "cultural" issue is that funders often focus on a topic, and are unaccustomed to a geographic base for work. All neighborhood organizations are clearly defined by geographic boundaries. In addition, this critique is perceived to be insincere by neighborhood groups who often can not differentiate between the multiple youth or social service programs in their neighborhoods that are privately funded.

- Lack of progress. Due to the lack of performance measures, it is unclear in many neighborhoods what has been achieved over the last 10 years of funding. Some felt that the issues of concern remain the same such as crime, housing, youth activities. But these critiques could also be targeted at the United Way, Catholic Charities, public schools, the Salvation Army, or any other group that has not solved the problems that they address. Without performance measures it is difficult to know what the impact of the money has been; it could either have been a waste, or it could have prevented further decline, a success in itself.
- Resident financial support is impressive. The financial support of residents is a clear sign of commitment from neighbors and is an encouraging sign to funders that the group is successful in reaching out and building support.
- Partner with neighborhood service agencies. Recognizing the role of neighborhood groups in building informal networks that development community, it was suggested that neighborhood groups begin building partnerships with service agencies that serve their area and together bid for grants.

CONCLUSIONS AND RECOMMENDATIONS

Funding for neighborhood organizations between 1993-1996 was relatively constant overall, though variable by individual organizations. There is a noted increase of private source funding in 1995 and 1996. St. Paul currently spends more per capita for citizen participation activities than Minneapolis, despite all the attention to NRP.

Cities still provide the base level of support for general operations, though the level is insufficient to perform core tasks. While neighborhoods have an official role in city planning, their funding is subject to political winds locally and nationally. Currently, neighborhood groups in Minneapolis request in total roughly 50 percent more than is authorized for disbursement. As the U.S. Congress continues to cut back CDBG funds, neighborhood groups will need to work in coalition to educate city council members and the MCDA/St. Paul PED who provide funding.

Neighborhoods are central to life in Minneapolis and St. Paul. Maintaining citizen organizations ensures a healthy, vibrant community and high quality of life. The partnership between public, private, and non-profit entities to fund the ongoing work of neighborhood organizations is critical for this effort.

Recommendations

Neighborhood organizations need to better articulate their role in the community. Part of the effort to develop an effective message should be engaging private funders in a dialogue. Private funders through such an effort could discuss and explore their recognition of building social capital as an important program priority as well as funding general operations toward this end. *Without participation of funders, this effort will be severely hampered.*

In a similar vein, the Success Measures effort must be given high and timely priority. This project must expand to include St. Paul organizations to avoid duplication between the cities. The results of the process could define how private funders perceive a role in financing neighborhood organizations.

Minneapolis groups should adopt the practice of St. Paul district councils where each group annually writes a two page summary of accomplishments and impacts of work. Together, neighborhood groups should present their achievements to city council members, civic leaders, the MCDA, and other key community members.

Neighborhood organizations should explore the feasibility of creating a federation. This organization would not be an intermediary, but rather pool resources to share technical assistance programs that strengthen the work of individual groups.

Interested parties should begin a dialogue about how neighborhood organizations can be sustained at effective operating levels.

Possible Future CURA/NPCR Studies:

- Analysis of alliances/federations of neighborhood groups in the United States.
- Analysis of alliances/federations among groups (non-neighborhood) in the Twin Cities.
- Compilation of how neighborhood organizations are sustained and at what capacity throughout the United States.
- Funding levels and capacities of neighborhood groups prior to NRP and Mayor Coleman's election.